

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2152 - SB 2405

March 14, 2022

SUMMARY OF BILL AS AMENDED (013848, 015723): Increases the Tennessee HOPE scholarship award amounts per student, per semester to \$2,250 for students enrolled in an eligible four-year public institution of higher education through the final semester of the student's sophomore year, and to \$2,850 per semester beginning in the student's junior year. Establishes such award amount applies to each entering freshman in the fall term of 2022 and thereafter. Increases the Tennessee HOPE scholarship award amounts per student, per semester, to \$1,600 for students enrolled in an eligible two-year public institution of higher education. Expands the HOPE Scholarship to nontraditional students.

Adds a Tennessee college of applied technology (TCAT) operated by the Tennessee Board of Regents (TBR) as an eligible postsecondary institution for a student's receipt of a dual enrollment grant (DEG). Makes various updates to the dual enrollment eligibility requirements. Increases the number of dual enrollment courses to be fully funded to five and eliminates the reduction of the HOPE scholarship for any courses taken after the fourth course. Limits the number of DEGs at a TCAT to 1,296 clock hours.

Declares that the award for a dual enrollment course taken at a TCAT, four-year institution or two-year is the average tuition established annually by the TBR for regular in-state tuition at a TCAT plus an additional dual enrollment access fee of five percent of the average tuition.

Aligns the HOPE Foster Child Tuition Grant with the federal definition. Lowers the age requirement for the Tennessee Reconnect Grant to 23 years of age. Expands the HOPE Scholarship to certain qualified nontraditional students.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures –

\$85,284,900/FY22-23 /Lottery for Education Account
Exceeds \$85,284,900/FY23-24 and Subsequent Years/
Lottery for Education Account

Funding in the amount of \$85,284,900 in FY22-23 and an amount exceeding \$85,284,900 in FY23-24 and subsequent years will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

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The Governor's proposed budget for FY22-23, on pages B-94 and B-124, recognizes a recurring increase in state expenditures to the Lottery for Education Account in the amount of \$88,618,000.

Assumptions for the bill as amended:

Assumptions relative to the HOPE Scholarship increase:

- The HOPE scholarship at a four-year institution and two-year institution is:
 - \$3,500 per freshman and sophomore, per year at 4-year
 - \$4,500 per junior and senior, per year at 4-year
 - \$3,000 per traditional student, per year at 2-year
- The new HOPE scholarship at a four-year institution and two-year is:
 - \$4,500 per freshman and sophomore, per year at 4-year
 - \$5,700 per junior and senior, per year at 4-year
 - \$3,200 per student, per year at 2-year
- The increase for each respective student receiving the award will be:
 - \$1,000 (\$4,500 new award - \$3,500 current award) for four-year institutions per freshman and sophomore.
 - \$1,200 (\$5,700 new award - \$4,500 current award) for four-year institutions per junior and senior.
 - \$200 (\$3,200 new award - \$3,000 current average award) for two-year intuitions per student.
- Based on information provided by the Tennessee Student Assistance Corporation (TSAC) the following is the estimated number of enrolled students that will be eligible to receive the increased Tennessee HOPE Scholarship.
 - 32,637 four-year enrolled freshman and sophomore students.
 - 30,537 four-year enrolled junior and senior students.
 - 15,901 two-year enrolled students.
- The recurring increase in state expenditures for the HOPE award is estimated to be
 - \$32,637,000 (\$1,000 new award increase x 32,637 recipients) for four-year enrolled freshman and sophomore students.
 - \$36,644,400 (\$1,200 new award increase x 30,537 recipients) for four-year enrolled junior and senior students.
 - \$3,180,200 (\$200 new award increase x 15,901 recipients) for two-year enrolled students.
- The total recurring increase in state expenditures for the HOPE award increased amount is estimated to be \$72,461,600 (\$32,637,000 + \$36,644,400 + \$3,180,200) for students enrolled at two year and four-year institutions as traditional student.

Assumptions relative to the HOPE Scholarship eligibility expansion:

- The provisions of the legislation will expand the number of eligible individuals for the HOPE Scholarship. The average amount for each scholarship and the additional number of students in each expanded category is as follows:
 - HOPE scholarships for non-traditional students,
 - 704 additional students

- \$3,200 average HOPE award
- HOPE Foster Child Tuition Grants:
 - 78 additional students
 - \$6,586 average HOPE award
- Tennessee Reconnect students:
 - 3,215 additional students
 - \$2,426 average HOPE award
- The increase state expenditures for the HOPE expansion is estimated to be:
 - \$2,252,800 (\$3,200 award x 704 recipients) for non-traditional students.
 - \$513,708 (\$6,586 award x 78 recipients) for HOPE Foster Child Tuition Grants.
 - \$7,799,590 (\$2,426 award x 3,215 recipients) for o Tennessee Reconnect students.
- The total increase in state expenditures for the HOPE expansion awards is estimated to be \$10,566,098 (\$2,252,800 + \$513,708 + \$7,799,590).

Assumptions relative to the Dual Enrollment Grants:

- Pursuant to Tenn. Code Ann. 49-4-930 the first through fourth DEG courses are currently funded for eligible high school students.
- The provisions of the legislation require the addition of a fifth DEG courses to be fully funded and expands DEG courses to freshman, sophomores and eighth graders for DEG TCAT courses.
- TSAC estimates an additional 4,275 DEG courses awarded at \$528 per course.
- The increase state expenditures for the all DEGs is estimated to be \$2,257,200 (4,275 courses x \$528 award).

Assumptions relative to the total impact:

- The total recurring increase in state expenditures from the Lottery for Education Account for the increased HOPE Scholarship and expanse and increased DEG is estimated to be \$85,284,898 (\$72,461,600 HOPE increases + \$10,566,098 HOPE expansion + \$2,257,200 DEG) in FY22-23.
- The number of eligible students the HOPE scholarship and DEG is expected to increase in subsequent years; therefore, the recurring increase in state expenditures in FY23-24 and subsequent years is estimated to exceed \$85,284,898.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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